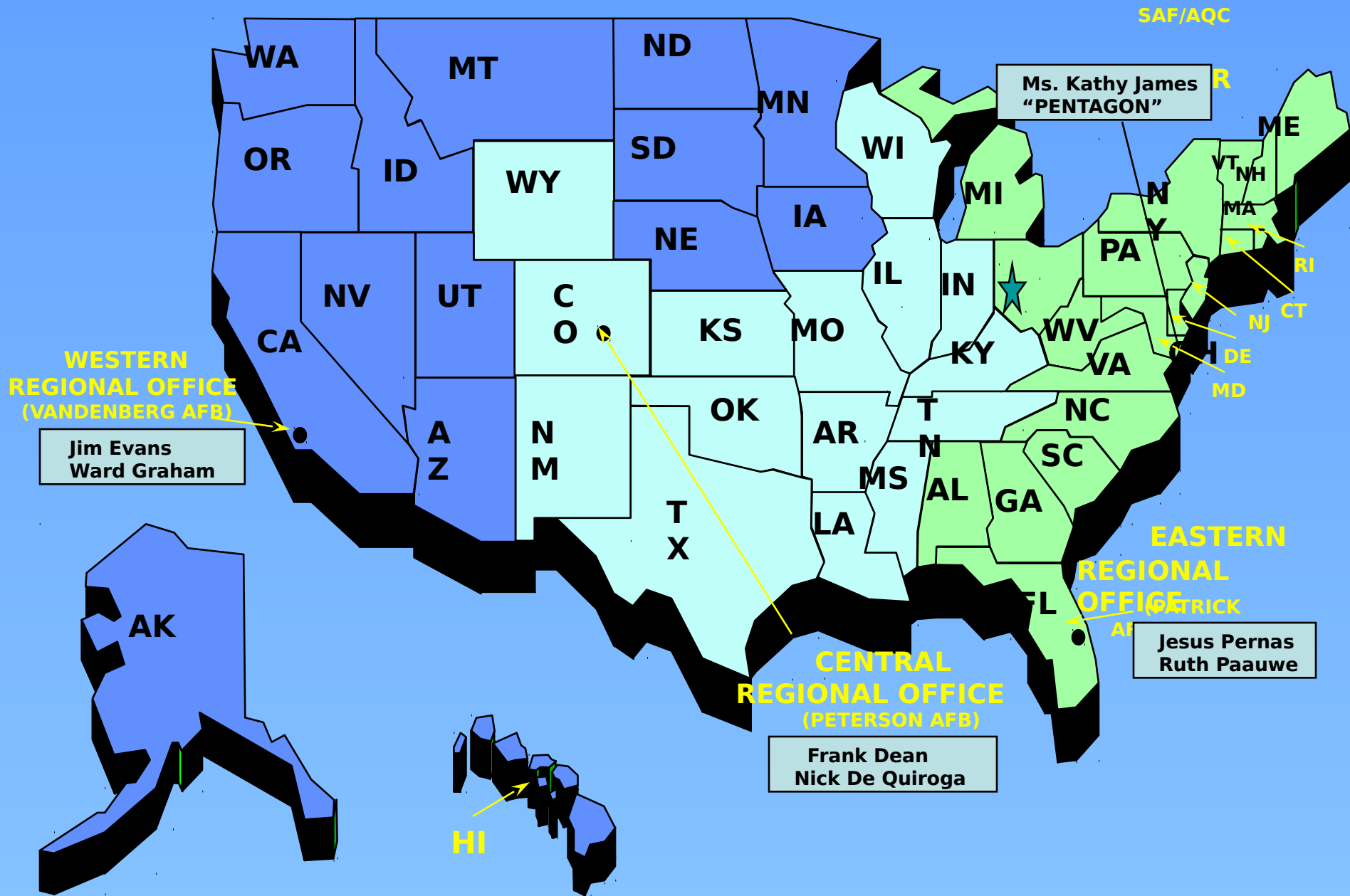
AIR FORCE LABOR ADVISORS

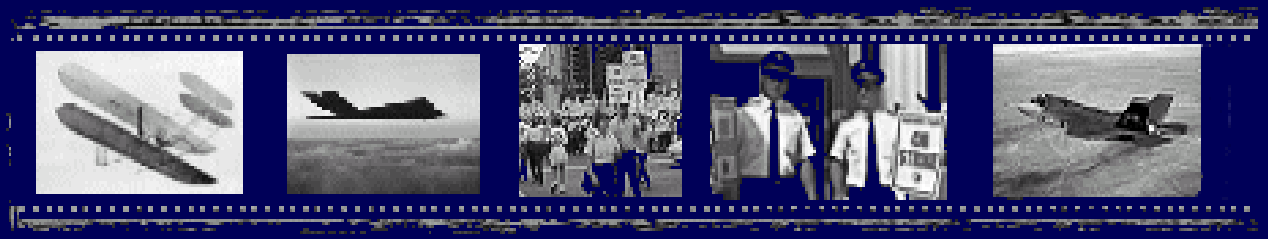
SERVICE CONTRACT ACT TRAINING

11 Dec 06

AIR FORCE LABOR ADVISORS (SAF/AQCR)
(Regional Offices and Coverage)



Air Force Labor Advisors Office



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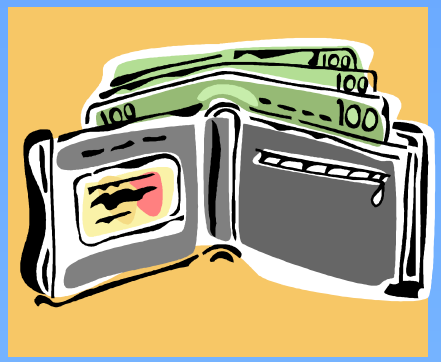
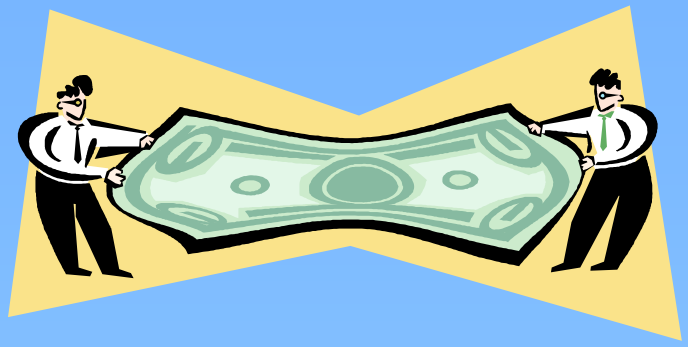
- Davis Bacon Wage Determinations
- Desktop Guide
- Labor Advisors Directory
- Labor Standards Information
- October Newsletter
- Price Adjustment Guide
- SCA Wage Determinations

Welcome to the AF Resource for Labor Standards Information

Why important?

- The Law – FAR, public policy
- People's wages,
- Supports the mission
- $$$ saved -> war effort, etc





LABOR COST IMPACT

Service contracts account for $100 billion per year, over half of DOD contract dollars.
Labor accounts for 80 to 90% of this cost.

Do it right initially – or pay more later

What we are covering today

1. When the Service Contract Act applies to a contract (and the Davis-Bacon Act)
2. How to obtain and apply the legal minimum wages into the contract
3. How unionization of the contractor employees affect the process
4. How to adjust the contract price due to a revised wage determination

What are you buying??

- Tangible items? – parts, supplies, aircraft engines, etc.

  Think Walsh-Healey

- Intangibles, work activity? – time and effort, maintenance, support, training,

  Think Service Contract Act

- Alteration of buildings, real property, mechanical systems?

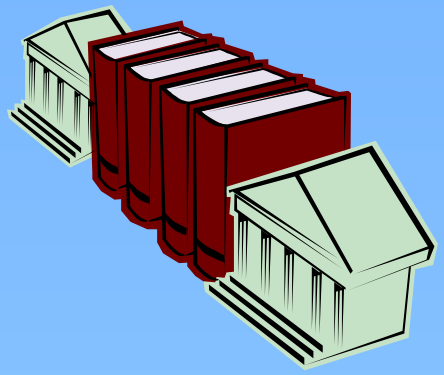
  Think Davis Bacon Act

- A combination of the above?

  Think multiple labor law application

SERVICE CONTRACT ACT

- SERVICE CONTRACT ACT OF 1965 AND AMENDMENTS
- FAR subpart 22.10
- DFAR subpart 222.10
- 29 Code of Federal Regulations PART 4



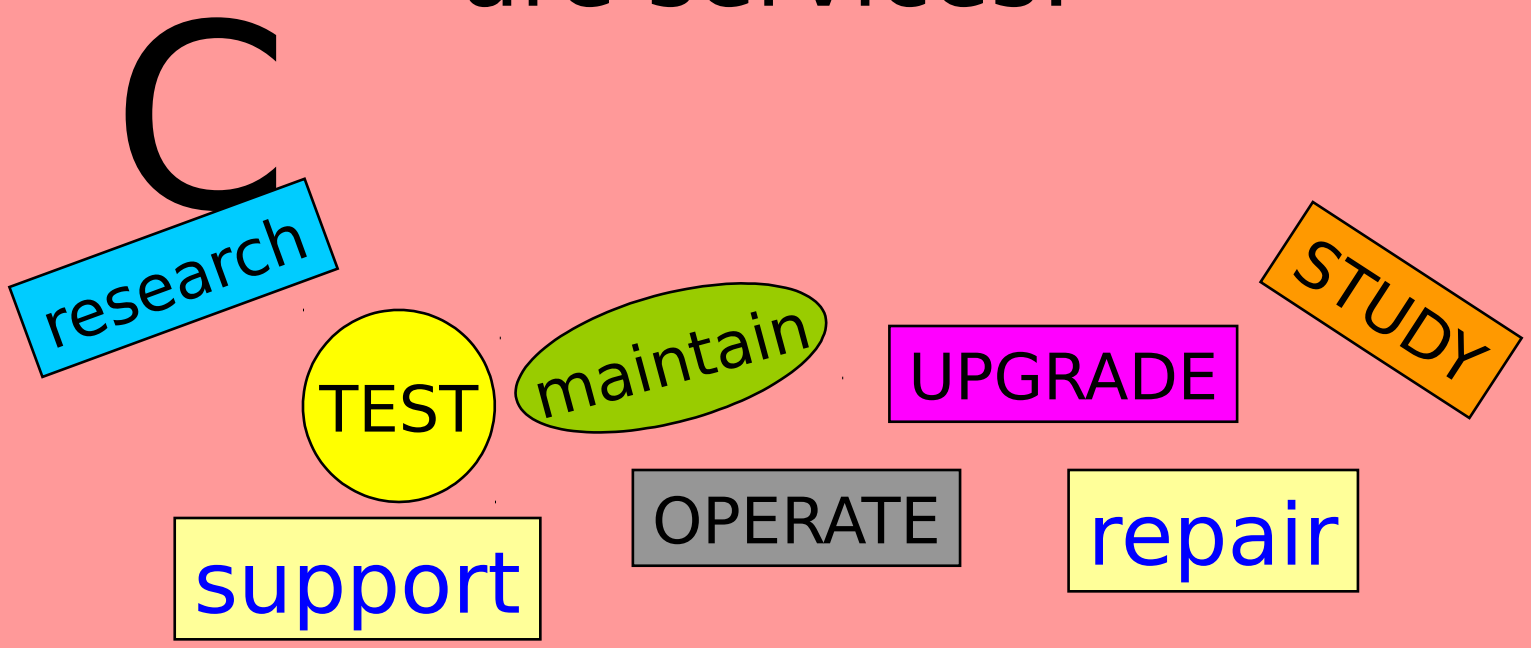
SCA APPLIES:
(FAR 22.1003-1)

- CONTRACT WITH US. AGENCY
- PERFORMED IN THE US
- PRINCIPAL PURPOSE = SERVICE
- WITH “SERVICE” EMPLOYEES
- OVER $2500 requires wage determination

PRINCIPAL PURPOSE = “SERVICE”

TEST: > 50% of $$

are services:



Services examples:

- Base operations contracts
- Professional services
- CE support, “A&E” contracts
- Software services
- Concessionaire contract to operate snack counter
- Training
- Research, design, develop radar system improvements
- Contractor operated and managed base supply
- Curriculum development
- Temporary logistics support
- Aircraft maintenance and repair
- Advisory and assistance services
- Operations, maintenance, logistic support of a federal facility,

WITH “SERVICE EMPLOYEES”

“Substantial” “Significan

TEST: > 20% of work

urs are performed by “ser
employees

JANITOR

COMPUTER OPERATOR

CLERKS

MECHANIC

ENGINEERING TECHNICIANS

WEATHER OBSERVER

Who is a “service” employee”?

Employees “directly engaged” in performing the contract work

and

Not “exempt” from the SCA wage protections

“EXEMPT” EMPLOYEES

http://www.dol.gov/esa/regs/compliance/whd/fairpay/main.htm

For “Fact Sheets” with additional information

- EXECUTIVE - manager, primarily supervises employees

- PROFESSIONAL - 4 year degree
- ADMINSTRATIVE - business policy advisor
- must be SALARIED - not hourly waged

EXAMPLES

A & E TYPE CONTRACT:

- 1 Architect
- 2 Engineers

- 2 Draftsmen, CAD operators
- 4 Survey crew
- 2 Admin support
- Environment consulting firm

Contract for software support

- 3 software engineers, 4-year degrees in computer science
- 5 computer programmers, 4-year degrees in computer science
- 10 computer technicians, with a minimum of 5 years of experience, certified in various areas
- 1 technical writer, mil spec experience

Education/Training Contract

- Education counselor – 2 FTEs
- Test monitor – 1 FTE
- Computer specialist – 1 FTE
- Tech writer – 6 FTE
- Subject matter experts – 6 FTEs

Hint: Job titles can be misleading

- ....a sole source, commercial purchase order with WE-B-TECHS, Inc. for training services that include introduction to the WE-B-TECHS process, procedures, hands-on testing and qualifications.....

“The government anticipates a sole source award to Dr. _____ for planning, organizing and conducting a research program directed to improving the understanding of the method for detecting delamination of composite beams using transient force analysis. The contractor will develop algorithms to determine the damage within materials under external loads using a finite element method and PDE’s …”

Decision process:

1. What's the principal purpose?

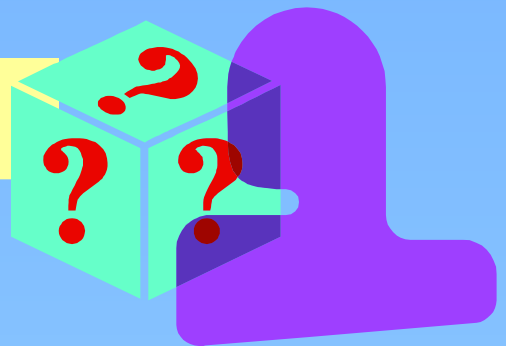
2. Are there "significant" and "substantial"
numbers of "service" employees?

3. Any applicable exemptions?

So far we have determined we have a:

- CONTRACT WITH US. AGENCY
- OVER $2500
- PRINCIPAL PURPOSE = SERVICE
- WITH SERVICE EMPLOYEES
- PERFORMED IN THE US

Are we done yet?



EXEMPTIONS:

FAR 22.1003 , 22.1004
29 CFR Part 4.115 through 4.123

1. CONSTRUCTION WORK
   (Davis-Bacon Act applies)

"Service" Maintenance

↕

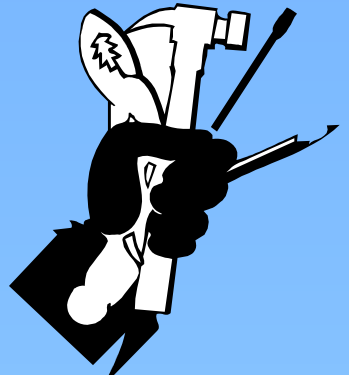
Repair, alteration, painting of "public works" (real property)

SCA “maintenance” vs. Davis-Bacon “repair”

Davis-Bacon may apply if “substantial” and “segregable” work activity:

- **Permanent** alteration of real property
- **Non-routine** repair of mechanical systems
- Painting **over 200 sq. ft.**
- Installation **requiring** alteration of real property

1. AND
- The cost is at least **$2000**

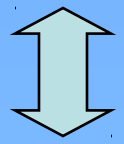


EXEMPTIONS:

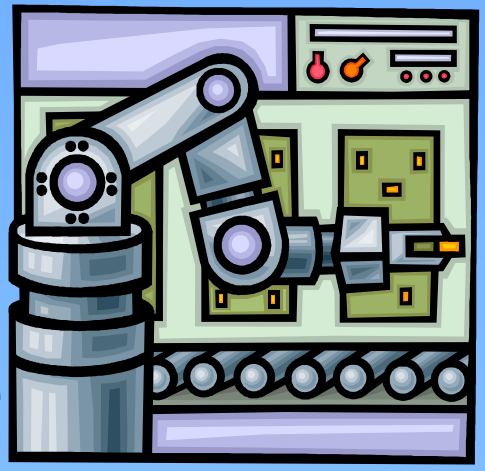
FAR 22.1003 - see notes

2. MANUFACTURING, REMANUFACTURING, furnishing of supplies, articles, equipment (Walsh-Healey Public Contracts Act may apply)

"Service" Repair



Remanufacturing of equipme



EXEMPTIONS:

FAR 22.1003-3 and 22.1003-4

3. CONTRACTS FOR TRANSPORTING FREIGHT OR PEOPLE BY COMMON CARRIER where published tariff rates exist
4. CONTRACTS WITH COMMON CARRIERS FOR CARRIAGE OF MAIL
5. MAIL HAUL CONTRACTS WITH OWNER OPERATORS
6. CONTRACTS FOR OIL OR GAS PIPELINE - published tariffs
7. CONTRACTS FOR SERVICES BY RADIO, TELEPHONE, TELEGRAPH, or CABLE subject to Communications Act
8. CONTRACTS for PUBLIC UTILITY SERVICES
9. DIRECT PERSONAL SERVICE TO A FEDERAL AGENCY (see FAR 37.104)
10. CONTRACT FOR POSTAL STATIONS FOR THE US.

11. CONTRACT and subcontracts FOR MAINTENANCE, CALIBRATION, REPAIR

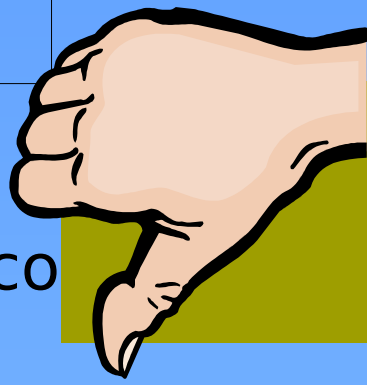
OF:

- ADP, office information/word processing equipment
- Scientific equipment,
- Medical apparatus
- Office machines

IF:

- Commercial items,
- Market price
- Same wages
- Business and office machines - work by original mfg or supplier
- Contractor certifies (52.222-48)

NOTE: no exemptions for



- Commercial Purchases
- Architectural & Engineering (Brooks Act) co
- Research & Development contracts
- Utilities Privatization,
- Curriculum support or development
- Logistics support
- Environmental services
- Contracts with educational institutions
- “Professional” services
- Contracts for training, exercises, or education

CO CHECK LIST for SCA

- ✓ Insert clauses in contract FAR 22.1006
- ✓ Insert Contract Work Hours and Safety Standards Act clauses in contracts over $100,000 with “laborers and mechanics”
- ✓ Equivalent rates for federal hires (see notes)
- ✓ Wage Determination, each period FAR 22.1016
- ✓ Notice To CONTRACTOR & UNION FAR 22.1010
- ✓ Certified Seniority list FAR 22.1020
- ✓ Conformances, indexing
- ✓ Price adjustments
- ✓ Withhold funds

“MIXED” CONTRACTS

Statutes require:

Service Contract Act
applies to the primary portion of the contract

Walsh-Healey application to:
Commodities, Parts, Remanufacturing

Davis-Bacon application to:
Repair, Alter, Paint

Davis-Bacon applies to a portion of a service or commodity contract if the work is **"substantial and segregable"** DOL regulations: 29 CFR Part 4.116

- **"Substantial" means in its own right OR when it is more than incidental; $2000 is the "floor"**
- **"Segregable" means the DBA-type work can be identified separately from the rest of the contract work**
- **If both SCA & DBA apply, the contract must clearly, but in general terms, identify which portion is subject to DBA**

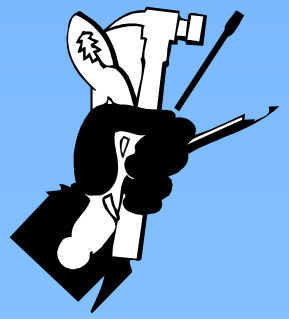
SCA “maintenance” vs. Davis-Bacon “repair”

Davis-Bacon applies to:

- Permanent alteration of real property
- Non-routine repair of mechanical systems
- Painting over 200 sq. ft.
- Installation requiring alteration of real property
- Demolition for reconstruction construction

AND

- “Segregable” work is at least $2000



So What???

DAVIS-BACON REQUIRES:

- DB FAR clauses
- DB wage determination's
- WEEKLY PAY by contractor
- CERTIFIED PAYROLLS
- DB ENFORCEMENT ACTIVITIES

- **Impact on price adjustments**
- **FAR 52.222-43 applies to SCA hours only**
- **Adjustment on DB hours according to selected method. FAR 22.407(e), (f), (g)**

52.222-30, 31, 32

EXAMPLES

- ……. intends to award an Indefinite Delivery/Indefinite Quantity contract for real property maintenance, repair, and alteration, and major and minor construction projects at Maxwell Air Force Base… …..

EXAMPLE

- Base operations support contract
  - Includes facility maintenance and repair

- The service being acquired is Annual Maintenance and Repair of two (2) Water Chillers. The period of performance will be from 1 Oct 04 - 30 Sep 05. The contract will be for one base year and two one-year option periods. All work will be performed in accordance with the attached Statement of Work. A site visit is recommended.

Example

- Acquisition of a temporary modular building to house fire equipment training
  - includes purchase of the modular building
  - includes installation and/or connection of mechanical systems, untilities

2. How the LEGAL Minimum Wage is established

US Department of Labor, Wage and Hour Division determines:

1. Area wage determination based on DOL survey data
   - Standard area wage determination – 2 for each area
   - Non-standard occupations wage determinations
2. Predecessor contractor's collective bargaining agreement (FAR 22.1002-3, 22.1008-3)
   - wages, benefits only
   - FAR 22.1002-3, 22.1008-3

How the wages are connected to a specific contract

Wage Determinations OnLine.gov

Providing public access to federal wage determinations and related information.

Wage determination

plus **contract** = legal wage

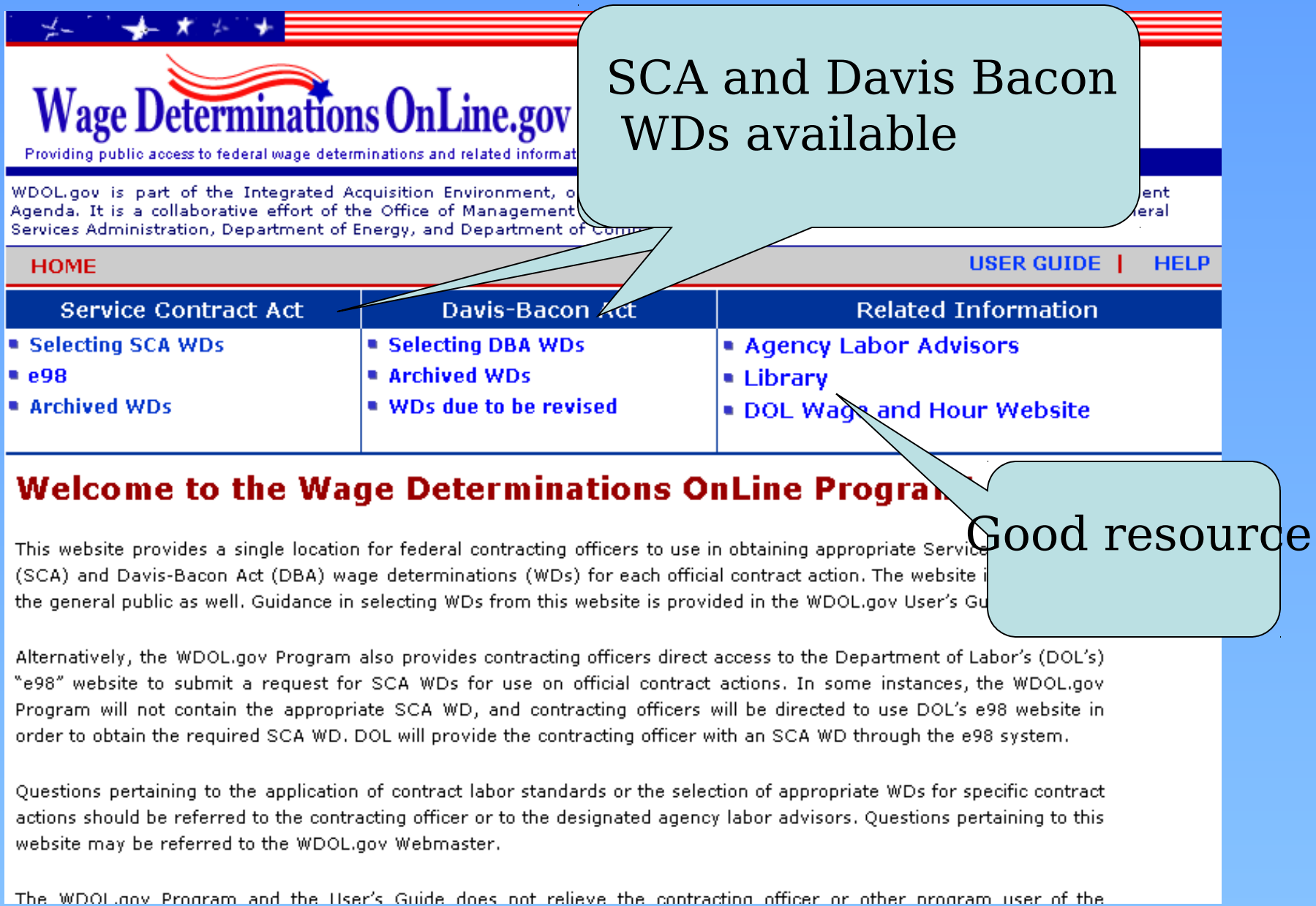
???? WHEN ????

FAR 22.100

EVERY CONTRACT PERIOD NEEDS A REVISED WAGE DETERMINATION

- IFB
- RFP
- OPTION
- EXTENSION (EVERY EXTENSION!)
- ANNUAL ANNIVERSARY (annual funds)
- BIENNIAL ANNIVERSARY (biennial funding - rare)

www.WDOL.gov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WDOL.gov is part of the Integrated Acquisition Environment, o
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HOME
USER GUIDE | HELP
Service Contract Act
Selecting SCA WDs
e98
Archived WDs
Davis-Bacon Act
Selecting DBA WDs
Archived WDs
WDs due to be revised
Related Information
Agency Labor Advisors
Library
DOL Wage and Hour Website
Welcome to the Wage Determinations OnLine Progra
This website provides a single location for federal contracting officers to use in obtaining appropriate Servic
(SCA) and Davis-Bacon Act (DBA) wage determinations (WDs) for each official contract action. The website i
the general public as well. Guidance in selecting WDs from this website is provided in the WDOL.gov User's Gu
Alternatively, the WDOL.gov Program also provides contracting officers direct access to the Department of Labor's (DOL's) "e98" website to submit a request for SCA WDs for use on official contract actions. In some instances, the WDOL.gov Program will not contain the appropriate SCA WD, and contracting officers will be directed to use DOL's e98 website in order to obtain the required SCA WD. DOL will provide the contracting officer with an SCA WD through the e98 system.
Questions pertaining to the application of contract labor standards or the selection of appropriate WDs for specific contract actions should be referred to the contracting officer or to the designated agency labor advisors. Questions pertaining to this website may be referred to the WDOL.gov Webmaster.
The WDOL.gov Program and the User's Guide does not relieve the contracting officer or other program user of the

SCA and Davis Bacon WDs available

Good resource

Obtaining

DoL-determined Prevailing Wage Standard Area Wage Determinations

- These are the most commonly used wage determinations
- Repeat the process for each locality where contract work is performed and each applicable collective bargaining

What's this about Health and Welfare rates?

DoL currently issues two standard area WDs for each locality. They are identical except for an important difference in the way contractors may provide the health and welfare requirement:

A. The odd-numbered WD(i.e. 1994-2103) requires the health & welfare be paid on the basis of each hour paid to each employee up to 40 hr/week. This includes vacation and holiday hours, but not overtime hours.

B. The even-numbered WD (i.e. 1994-2104) allows the health & welfare requirement to be met on the basis of the average cost per hour worked by all service employees. This excludes vacation and holiday hours, but includes overtime hours, and permits the contractor to vary the level of benefits among employees.

Which applies to your contract?

- **Rule for usage: Always use the odd-numbered WD unless the even-numbered WD was previously applied to the work.**
- BUT – if you are consolidating contracts that previously contained A and B, the majority rules. Call your AF Labor Advisors.

Monitoring the WDOL Program for SCA WD Revisions.

- SCA WD revisions received timely by the contracting agency are effective for the contract and must be incorporated.

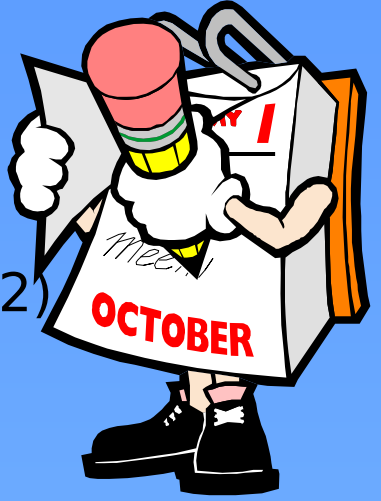
- Under the WDOL.GOV Program, “receipt” date of a new or revised SCA WD is the first date at which that WD appears on the WDOL.GOV Program SCA Database.

  All SCA WD revisions for a given week are posted at WDOL.GOV each Tuesday.

- COs must monitor WDOL.GOV for revisions to the applicable WD.

  WDOL.GOV **ALERT SYSTEM** available.

DEADLINES FOR WD revisions (FAR 22.1012)



- IF: work starts < 30 days after award/option exercise

  the deadline is the day of award or exercise of the option or extension
- IF: work starts > 30 days after award or option exercise, the deadline is 10 days prior to the start of performance on the contract (excluding phase-in time)

Example

- Option exercised on 15 Sep, performance begins 1 Oct, deadline is_____

- Contract awarded on 15 Aug, performance begins 1 Oct, deadline is _____

Do Not INCORPORATE WAGE DETERMINATIONS DATED LATER THAN START OF PERFORMANCE ON THE CONTRACT PERIOD!!!!!

CBAs effective after start of performance will not impact the SCA WD until the following contract period. The deadlines in the previous slide apply to CBAs ONLY if the CO sent the FAR 22.1010 notice correctly.

Obtaining DoL-determined Prevailing Wage Non-Standard Area Wage Determinations

Note: Its possible for a contract to require both the a standard area WD AND a Non-Standard WD.

Determine if any of the work is for “non-standard” services

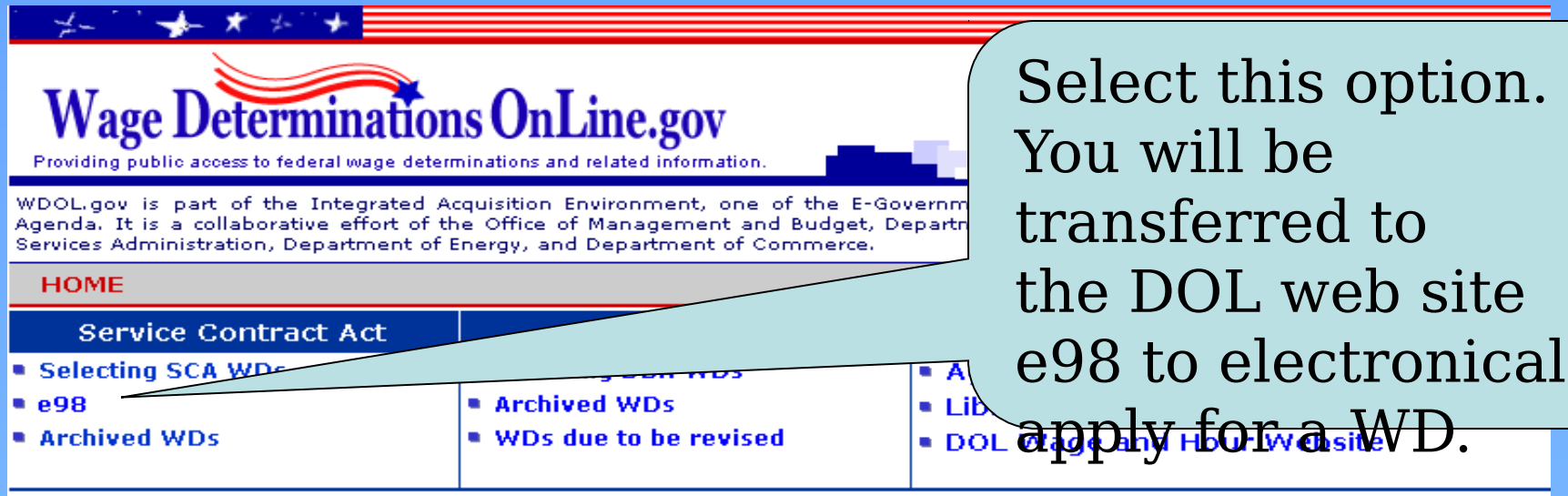
- Non-Standard WDs are issued by DOL to reflect prevailing wages in specific service industries in designated localities. Non-Standard WDs may not be used in contracts for services other than those specified in the Non-Standard WD description; conversely, Standard WDs may not be used in contracts designated for Non-Standard WDs.

- Non-Standard classes include:
  - **Aircraft Services**
  - **Auto Concession Services**
  - **Baggage Inspection Services**
  - **Barber and Beauty Services**
  - **Elevator Services**
  - **Fast Food Services**
  - **Food and Lodging Services**
  - **Hazardous Waste Pickup and Dispos**
  - **Health Physics Technician Services**
  - **Moving and Storage Services**

nd more. Be sure to check over the list before selecting a W

Non-Standard WDs obtained via the e98 process

What's the "e98" process?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The WDOL.gov Program and the User's Guide does not relieve the contracting officer or other program user of the

Select this option. You will be transferred to the DOL web site e98 to electronically apply for a WD.

All types of SCA WDs may be accessed through the e98 process. It is useful for unique situations, new CBAs, and any time you need an SF98 document. This process requires DOL participation.

STANDARD FORM 98
ELECTRONIC VERSION

U.S. DEPARTMENT OF LABOR
EMPLOYMENT STANDARDS ADMINISTRATION

NOTICE OF INTENTION TO MAKE A SERVICE CONTRACT AND RESPONSE TO NOTICE

Click Here For Help With This Form

Rev. Feb. 1973

1. Notice No. TBA

Procurement Type

If Sole Source type of procurement, name of organization agreement is with

2. Estimated Solicitation Date mm/dd/yyyy

3. Estimated Date Bids or Proposals to be Opened or Negotiations Begun mm/dd/yyyy

4. Date Contract Performance to Begin mm/dd/yyyy

5. Places of Performance

State None

Counties ----------

ADD ▶

◀ REMOVE

Counties Selected ----------

6. Services to be Performed Other

Description of Services to be Performed

7. Information about Performance

A. ○ Services now performed by

B. ○ Services now performed by

C. ○ Services not presently being

For contracts requiring non-standard classifications
and
5 or fewer employees:
use the e98

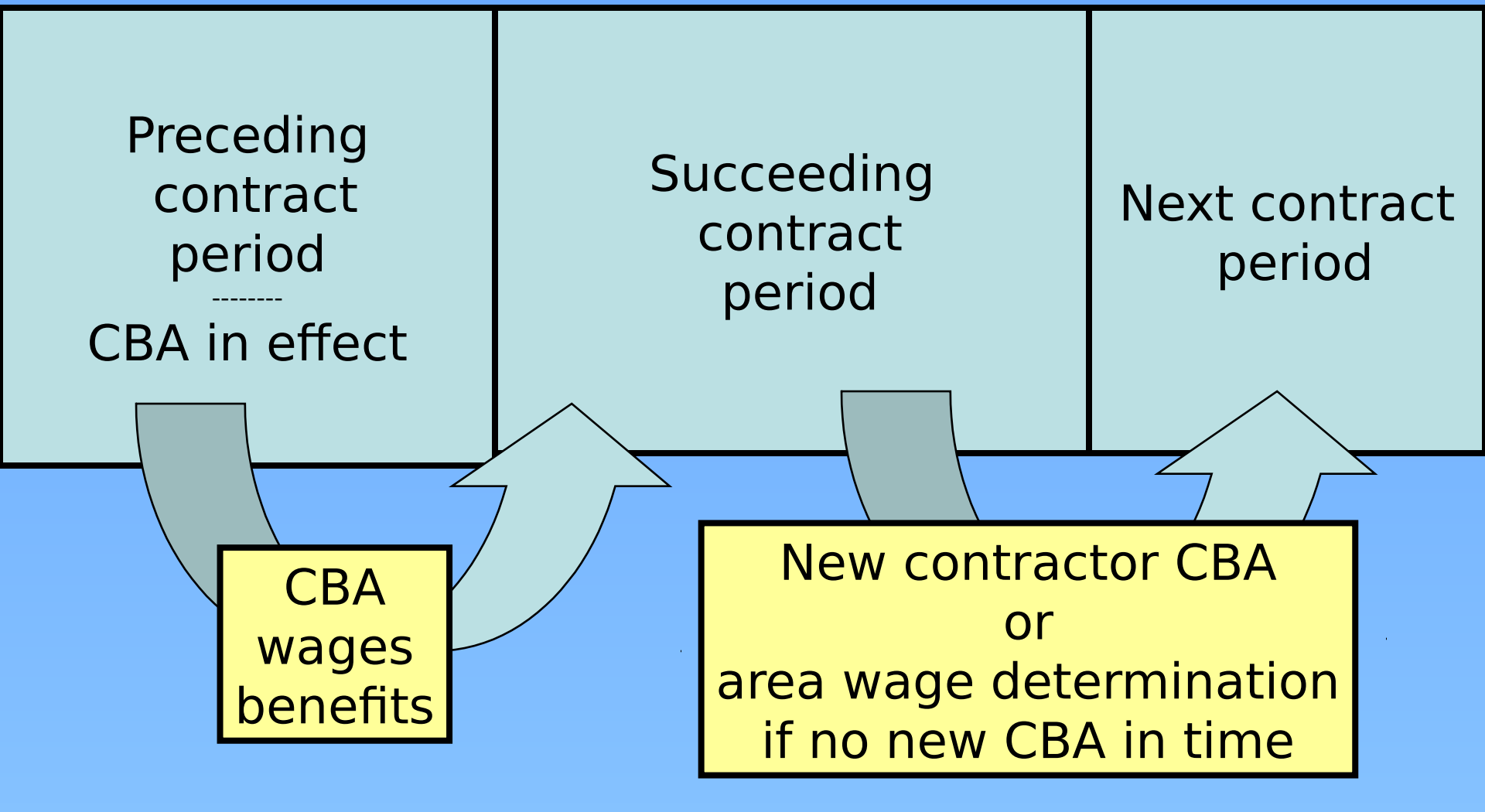
Obtaining Wage determinations based on the contractor's collective bargaining agreement

What if some of the incumbent contractor's employees are represented by a union?

SCA honors the CBA wages and benefits as the applicable wage determination for the succeeding contract period, even though the contract may have changed hands. This is subject to several conditions including:

- 1. Must be same work, same location, successor contract or contract period
- 2. The CBA must be signed by the parties
- and effective timely during the previous contract period.
- 3. The CBA must be negotiated "at arms-length" between parties at interest (no "contingency" language).
- 4. If you have a new CBA, contact your AF Labor Advisor before proceeding with the WD process.

Collective Bargaining Agreement Wage Determinations



Contact your AF Labor Advisors when:

1. The CBA is newly negotiated.
2. The contract changed hands, therefore the contractor on the CBA is not the incumbent.
3. The contract is being resolicited.
4. The CBA has expired.
5. Any question about the applicability of the CBA.

CBA-based WDs

The Agency Contracting Officer should complete the following form in order to obtain a CBA WD for an SCA-applicable collective bargaining agreement. The Contracting Officer must prepare a separate CBA WD for each covered CBA applicable to a contract action (including separate CBA WDs for prime and subcontractors)

WDOL User's Guide Sec. B.5.b.(2)

* Indicates a required field.

Wage Determination Number: The system will generate the appropriate SCA WD number

Revision Number: 0

* Contract Services:

* Contracting Activity:

* State: Alabama

* County: Autauga

* Prime or Subcontractor Name:

* Prime or Subcontractor

Note, a separate WD must be created for each CBA of the prime and any subcontractors. This may result in multiple CBA-based

SAMPLE OF CBA-BASED WD

WAGE DETERMINATION NO: 8X-XXXX REV (10) AREA: NC, CAMDEN

REGISTER OF WAGE DETERMINATIONS UNDER | U.S. DEPARTMENT OF LABOR

*****FOR OFFICIAL USE ONLY BY FEDERAL AGENCIES PARTICIPATING IN MOU WITH DOL*****

| WASHINGTON D.C. 20210

|

| Wage Determination No.: 8X-XXXX

William W.Gross Division of | Revision No.: 10

Director Wage Determinations| Date Of Last Revision: 06/04/2004

_____|_____

States: North Carolina

Area: North Carolina Counties of Camden,

_____

****Fringe Benefits Required Follow the Occupational Listing****

OCCUPATION CODE AND TITLE MINIMUM WAGE RATE

Employed on Air Force contracts

For custodial services performed in the above locality:

In accordance with Sections 2(a) and 4(c) of the Service Contract Act, as amended, employees employed by the contractor in performing the above service and covered by the collective bargaining agreement(s) between I.M. Contractor, Inc. and Transport Workers Union of America, Local 525, AFL-CIO, are to be paid wage rates and fringe benefits set forth in the bargaining agreement(s), effective June 1, 2003 through May 31, 2006

Revisions to CBA-based WDs

- CBA-based WDs must be revisited every award, option, extension, or annual (or biennial) anniversary period IAW FAR 22.1007. If the CBA-based WD was created via WDOL.gov, you will be guided by the site to create a revision to the original WD.
- If the prime or subcontractors negotiate any follow-on CBAs
- AND the CBA meets the deadlines and qualifications set forth in FAR 22.1008-3 and 22.1012-3,
- you may create a revision based on the follow-on CBA by following the instructions on www,WDOL.gov

Be sure to send the FAR 22.1010 notice timely to the KTRs and unions!!!!

FAR 22.1010 notice

- Notice to union and
- contractor, with proof of delivery (certified, fax report, etc.)
- 30 days before earliest procurement date
- give applicable dates
- example: “ this notifies you that the AF intends to exercise the option on X contract on 15 Sept 2005, performance to begin 1 October 2005.”

MAKE NO WD CHANGES IN MID CONTRACT PERIOD!!!!!!!!!

CONFORMANCES

for SCA and Davis Bacon

ONLY

See SF 1444

- When other classes needed
- Contractor prepares an SF1444 Employees sign
- CO forwards to DOL
  - CO comments if disagree and why
- NO PRICE ADJUSTMENT at time of conformance!

INDEXING

AVERAGE PERCENT of INCREASE or DECREASE FOR ALL CLASSES USED ON THE CONTRACT

FAR 52.222-41(c)(iv)(B)

A% + B% + C% = X, divided by 3 =

the average percent of increase.

Raise the conformed rates by this percent.

GSA U.S. General Services Administration

GSA schedule purchases

- GSA Contracting Officer is responsible to insert the SCA or DB clauses in the basic contract (schedule).
- GSA CO is responsible to revise the WDs for each option.
- The buying agency cannot do a price adjustment upward.

- Buying agencies must remain in compliance with the regulations – do not purchase through GSA schedules if the schedule contract does not contain the labor provisions applicable to your purchase.

JWOD CONTRACTS

- **web site: www.jwod.gov**
- **New PRICING MEMORANDUM NO. 3 (replaces old PR 3 that became PR 6)**
- **Negotiate the price and terms –**
  - **clarify in the contract that wage increases will be handled according to 52.222-43 (any other desired adjustments must be addressed elsewhere in the contract)**
  - **“supervisors” or “leads” must be conformed**
  - **managers’ wages will not be adjusted under FAR 52.222-43**
  - **“other burden” is not adjusted under FAR 52.222-43**

Just a test…….

You are checking the WDs on the Internet and notice a revision to your area WD has just been issued. You put this WD in your contracts:

_____Immediately so they will be up-to-date

_____At the beginning of the next calendar year

_____At the next option, extension, or annual anniversary for each of the contracts

_____Just before the next inspection

1. **Contracts for research and development are exempt from the SCA because they use only professional employees. True_____False_____**

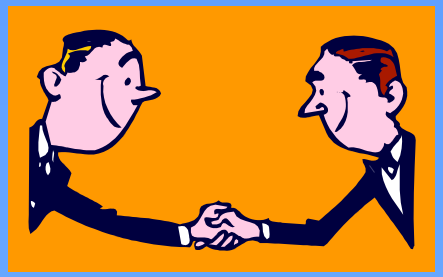
2. In a contract for military housing maintenance, Davis-Bacon applies only to painting.
True_____False_____

3. Every contract needs a revised wage determination for every IFB, RFP, Award, annual anniversary, option, and extension, and the birthday of the base commander.
True_____False_____

4. The SCA classifications and job descriptions are found in:

- **the SCA Directory of Occupations**
- **the Standard Industrial Classification**
- **the Telephone Directory**

UNIONIZATION



- Federal law:
  - National Labor Relations Act, National Railway Act
- Air Force Policy: AFI 64-106
  - Neutrality
  - Limitations on union activity on installation
- Organization process
  - Oversight by NLRB
  - Contractor must negotiate wages, benefits, work rules and conditions with

Impact: Contractor employees may strike

- AFI 64-106
- Notify regional Labor Advisor and Facility Labor Coordinator
- Strike Plans:

1. Installation strike plan:
   - Protects the other operations at installation.
   - Coordinated under the installation commander.
   - Reserve Gate procedures.

2. Mission strike plan:
   - Ensures the continuity of the service.
   - Specified by the contractor.
   - Coordinated with the contracting officer, users, and other affected parties as necessary.

Organizations with critical contracts should advise their cognizant AF Regional Labor Advisor about any collective bargaining agreements, particularly if negotiations are in process.

4. PRICE ADJUSTMENTS

HANDBOOK AVAILABLE AT

www.safaq.hq.af.mil/contracting/laborstandards/

- Adjustment for the additional cost incurred due to the increase/decrease in wages and/or benefits required by the revised WD.
- Incorporate the WD via mod.
- Contractor has 30 days to make claim.

FAR 52.222-43: (copy on p.22)

- Incorporated in fixed price contracts
- Note the limitations of the clause:

  Wages, benefits, social security, workers compensation unemployment taxes, if incurred

- Note the CO responsibility to verify the claims

- Principle: The government must reimburse the specified costs that are incurred due to a revision in the wage determination in the contract. Therefore:

  (1) the cost must be enforceable as an SCA required wage or benefit, and

  (2)not voluntarily assumed by the contractor without regard to a revision of the wage determination.

(Other costs may actually be incurred, but these are not reimbursable under the clause – it's a "fixed price" contract.)

Eliminate non-allowed costs:

- Non-service workers
  - Exempt employees (managers, professionals, etc.)
  - Employees not directly engaged in performing specific contract services
- Non-wage, non-benefit costs
  - Uniforms, tools
  - “call-back” pay for non-work hours, “on-call” pay
  - Expenses such as meals, POV mileage reimbursement
  - G&A & fee
  - Liability insurance
  - Cost escalation not due to change in WD
    - Health benefit plan cost increase
    - Employee Promotion to higher waged job
    - Newly “conformed”/negotiated classifications

CBA terms ≠ ”wages and benefits”

- Tools, meals
- Reimbursement of travel
- Uniforms
- Overtime premium above federal
- statutory requirements
- Pay for hours not worked other than vacation, holiday, other personal leave
  - “on-call” pay
  - “call-back” pay
- Reimbursement for training/education
- Unquantified fringe benefit costs

Gather information:

- All actual wages paid (including bonuses, and rates at end of contract period. Not an average.)
- Actual (not proposed) work + vacation + holiday hours
- Health & welfare costs, paid to whom?
- Workers comp rate,
- Unemployment tax rates and state cap

  (federal cap is $7000, GA is $8500??)

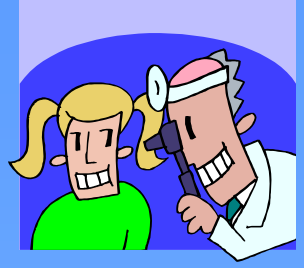
Note on “Overtime”

- Federal wage laws require a ½ time premium for hours worked over 40 in the work week only.
- Contractors are not required to pay a premium for work performed after the regular shift, weekends, holidays
  - exception: state law, CBA
- Do not assume all work over and above the normal workday costs the contractor a premium

ADJUSTMENT:

- NEW MINIMUM WAGE OR BENEFIT
- MINUS ACTUAL WAGE/BENEFIT PAID IN previous contract period
- PLUS CHANGE IN PAYROLL TAXES AND WORKERS COMP
- EQUALS THE PRICE ADJUSTMENT

Diagnostic: True or False?



1. The Service Contract and Davis-Bacon Act applications to government contracts are optional for commercial purchases.
2. The Service Contract Act applies to every contract that buys services.
3. If the Service Contract Act applies to the contract, the Davis-Bacon Act will not apply to the contract.
4. Under SCA, a successor contractor must comply with the wages and benefits in the predecessor's collective bargaining agreement.
5. Under a SCA-covered fixed price contract, the contractor must be reimbursed for all benefit increases in their collective bargaining